

IC 5-1-4

Chapter 4. Hospital Bonding Authorities

IC 5-1-4-1

Declaration of policy

Sec. 1. Declaration of Policy. It is declared that for the benefit of the people of the state, the increase of their commerce, welfare and prosperity and the improvement of their health and living conditions it is essential that hospitals within the state be provided with appropriate additional means to expand, enlarge and establish health care, hospital and other related facilities; and that it is the purpose of this chapter to provide a measure of assistance and alternative methods to enable hospitals within this state to refund or refinance outstanding indebtedness incurred for the facilities and to provide additional facilities and structures which are required to accomplish the purposes of this chapter, all to the public benefit and good, to the extent and manner provided herein.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1; Acts 1975, P.L.35, SEC.1.)

IC 5-1-4-2

Short title

Sec. 2. Short title. This chapter may be referred to and cited as the "Indiana Hospital Authority Act."

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1.)

IC 5-1-4-3

Definitions

Sec. 3. As used in this chapter, the following words and terms shall have the following meanings unless the context indicates another or different meaning or intent:

(a) "Authority" means a hospital authority created by IC 5-1-4-4 or any board, body, commission, department, or officer succeeding to the principal functions thereof or to whom the powers conferred upon such authority by this chapter shall be given by law.

(b) "Project" means a structure or addition to an existing structure which is suitable for use as a hospital, clinic, laboratory, laundry, nurses' or interns' residence, administration building, research facility, or maintenance, storage, or utility facility, and other structures or facilities related thereto or required or useful for the operation of the project, including the site thereof; parking and other facilities or structures essential or convenient for the orderly operation of such project, or equipment, machinery, and other similar items necessary or convenient for the operation of the project in the manner for which its use is intended, but not such items as fuel, supplies, or other items which customarily result in a current operating charge. "Project" also means:

- (1) the construction of a part or portion of a building;
- (2) the acquisition and remodeling of an existing building; or
- (3) the acquisition of existing facilities of a participating

hospital in connection with the refunding or refinancing of outstanding obligations, mortgages, or advances issued, made, or given by such participating hospital whenever the authority finds that such refunding or refinancing is in the public interest and either:

- (A) alleviates a financial hardship upon the participating hospital;
- (B) results in a lesser cost of patient care and a saving to third parties and others who must pay for such care; or
- (C) enables the participating hospital to offer greater security for the financing of a new project or projects or to effect savings in interest costs or more favorable amortization terms.

(c) "Cost" as applied to a project or any portion thereof financed under this chapter means all or any part of the cost of construction and acquisition of all lands, structures, real or personal property, rights, rights-of-way, franchises, easements, and interests acquired or used for a project; the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved; the cost of all machinery and equipment, financing charges, interest prior to, during, and for a period after completion of such construction; provisions for working capital; reserves for principal and interest and for extensions, enlargements, additions, replacements, renovations, and improvements; cost of engineering, financial and legal services, plans, specifications, studies, surveys, estimates of cost and of revenues; administrative expenses; expenses necessary or incident to determining the feasibility or practicability of constructing the project; and such other expenses as may be necessary or incident to the construction and acquisition of the project, the financing of such construction and acquisition, and the placing of the project in operation.

(d) "Bonds" means bonds of the authority issued under this chapter, including refunding bonds, notwithstanding that the same may be secured by the full faith and credit of a participating hospital or any other lawfully pledged security of a participating hospital.

(e) "Participating hospital" means a:

- (1) nonprofit corporation which is organized under the laws of this state or which is admitted to transact business in this state as a foreign corporation; or
- (2) hospital organized and existing under IC 16-24-1;

which either operates or proposes to operate a project or undertakes the refunding of all or part of its outstanding indebtedness as authorized by this chapter, or both.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1; Acts 1975, P.L.35, SEC.2.) As amended by Acts 1980, P.L.23, SEC.1; P.L.26-1986, SEC.1; P.L.2-1993, SEC.39.

IC 5-1-4-4

Creation of authority

Sec. 4. (a) The legislative body of any county, second or third class city, or town in which is located one (1) or more participating hospitals, upon request in writing by the board of trustees or other governing board of any such participating hospital, may adopt a resolution for the creation of an authority under this chapter.

(b) Upon the adoption of the resolution, there is created an authority which shall be a body corporate and politic for the purpose of financing, acquiring, constructing, equipping, and leasing a project or projects to participating hospitals located in the county, city, or town or refunding outstanding indebtedness of participating hospitals located in the county, city, or town as authorized by this chapter, or both.

(c) If the authority is created by a resolution of the legislative body of a county, it shall be known as the "Hospital Authority of _____ County" (include the name of the county).

(d) If the authority is created by resolution of the legislative body of a second or third class city or town, it shall be known as the "Hospital Authority of _____" (include the name of the city or town).

(e) The county auditor, the city clerk, or the town clerk-treasurer, as the case may be, shall file a certified copy of the resolution with the executive of the county, city, or town, as the case may be, in which the authority is created.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1; Acts 1975, P.L.35, SEC.3.) As amended by Acts 1980, P.L.23, SEC.2; Acts 1981, P.L.44, SEC.1; Acts 1982, P.L.30, SEC.1; P.L.40-1985, SEC.1; P.L.8-1989, SEC.14.

IC 5-1-4-5

Organization of authority; directors

Sec. 5. (a) Within sixty (60) days from the filing of the certified copy of the resolution in accordance with section 4 of this chapter, the board of commissioners of the county or the executive of the city or town shall appoint five (5) residents of the county, city, or town, as the case may be, as directors of the authority.

(b) Each appointment shall be evidenced by a written certificate of appointment signed by the appointing authority who shall cause a written notice to be sent to each appointee. One (1) director shall be appointed for a term of one (1) year, one (1) director for a term of two (2) years, one (1) director for a term of three (3) years, and two (2) directors for a term of four (4) years. At the expiration of the respective terms of the directors, the appointing authority shall appoint successors for four (4) year terms.

(c) Each director shall serve as such until the director's successor is appointed and qualified. In the event that any director shall die, resign, cease to be a resident of the county, city, or town, as the case may be, or be removed, the appointing authority shall appoint another person as director for the remainder of such term. If any person appointed as a director shall fail to qualify within ten (10) days after the mailing to the appointee of notice of the appointment,

the appointing authority shall appoint another person as director for the term.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1.) As amended by Acts 1982, P.L.30, SEC.2; P.L.7-1983, SEC.6; P.L.40-1985, SEC.2; P.L.8-1989, SEC.15; P.L.4-1991, SEC.134.

IC 5-1-4-6

Oath of office

Sec. 6. Oath of Office. Each director, before entering upon his duties shall take and subscribe an oath of office in usual form to be endorsed upon his certificate of appointment, which shall be filed with the clerk of the circuit court.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1.)

IC 5-1-4-7

Removal from office

Sec. 7. Removal from Office. Any director may be removed from office for neglect of duty, incompetency, disability to perform his duties, or any other good cause, by an order of the circuit court in the county in which such authority is located, subject to the following procedure: a complaint may be filed by any person against such director, setting forth the charges preferred; the cause shall be placed on the advanced calendar and be tried as other civil causes are tried by the court without the intervention of a jury. If such charges be sustained, the court shall declare such office vacant. A change of venue from the judge shall be granted upon motion but no change of venue from the county may be taken.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1.)

IC 5-1-4-8

Meetings; selection of officers; bylaws

Sec. 8. The directors originally appointed shall meet within thirty (30) days after their appointment, at a time and place designated by the board of county commissioners, for the purpose of organization. The directors shall elect the following officers from among their members: president, vice president, secretary, and treasurer, who shall perform the duties usually pertaining to those offices. Such officers shall serve until the expiration of the first term to expire and the directors shall meet annually to reorganize within thirty (30) days after the appointment of each successor director for a full term. The directors are authorized to adopt such bylaws, rules and regulations as they may deem necessary to the proper conduct of their proceedings, the carrying out of their duties, and the safeguarding of the funds and property of the authority. In addition to such meetings as above provided, other regular and special meetings shall be held at such times as they may determine and upon such notice as they may fix, either by resolution or in accordance with the provisions of the bylaws, rules and regulations adopted. A majority of the directors shall constitute a quorum and the concurrence of a majority shall be necessary to authorize any action. Directors shall serve without pay

but shall be entitled to reimbursement for any expenses necessarily incurred in the performance of their duties.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1.) As amended by P.L.7-1983, SEC.7.

IC 5-1-4-9

Pecuniary interest of directors; transaction void

Sec. 9. Pecuniary Interest of Director - Transaction Void. No director shall have any pecuniary interest in any contract, employment, purchase or sale made under the provisions of this chapter, and any transaction made in which any director has a pecuniary interest shall be void.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1.)

IC 5-1-4-10

Powers of authority

Sec. 10. Powers of Authority. The purpose of each authority shall be to assist participating hospitals in the constructing, financing and refinancing of projects, and for this purpose each authority is authorized and empowered:

(a) to have perpetual succession as a body politic and corporate and to adopt by-laws for the regulation of its affairs and the conduct of its business;

(b) to adopt an official seal and alter the same at its pleasure;

(c) to maintain an office at such place or places as it may designate;

(d) to sue and be sued in its own name, and plead and be impleaded;

(e) to determine the location and character of any project to be financed under the provisions of this chapter, and to construct, reconstruct, renovate, replace, maintain, repair, operate, lease, as lessee or lessor, and regulate the same, to enter into contracts for any or all of such purposes, to enter into contracts for the management and operation of a project, and to designate a participating hospital as its agent to determine the location and character of a project undertaken by such participating hospital under the provisions of this chapter and as the agent of the authority, to construct, reconstruct, renovate, replace, maintain, repair, operate, lease, as lessee or lessor, and regulate the same, and as the agent of the authority, to enter into contracts for any or all of such purposes, including contracts for the management and operation of such project;

(f) to issue bonds and other obligations of the authority for any of its corporate purposes, and to fund or refund the same, all as provided in this chapter;

(g) generally, to fix and revise from time to time and charge and collect rates, rents, fees and charges for the use of and for the services furnished or to be furnished by a project or any portion thereof and to contract with any person, partnership, association, limited liability company, or corporation or other body public or private in respect thereof, including a contract with or the granting

of an option to the lessee to purchase the project for such price and on such conditions as the authority in its sole discretion determines to be appropriate, after retirement or redemption, or provision therefor, of all the bonds issued to provide funds for the project;

(h) to establish rules and regulations for the use of a project or any portion thereof and to designate a participating hospital as its agent to establish rules and regulations for the use of a project undertaken by such participating hospital;

(i) to employ consulting engineers, architects, attorneys, accountants, construction and financial experts, superintendents, managers, and such other employees and agents as may be necessary in its judgment, and to fix their compensation;

(j) to receive and accept from any public agency loans or grants for or in aid of the construction of a project or any portion thereof, and to receive and accept loans, grants, aid or contributions from any source of either money, property, labor or other things of value, to be held, used and applied only for the purposes for which such loans, grants, aid and contributions are made;

(k) to mortgage all or any portion of any project and any other facilities conveyed to the authority for such purpose and the site or sites thereof, whether presently owned or subsequently acquired, for the benefit of the holders of the bonds of the authority issued to finance such project or any portion thereof or issued to refund or refinance outstanding indebtedness of a participating hospital as permitted by this chapter;

(l) to make loans to any participating hospital for the cost of any project in accordance with an agreement between the authority and such participating hospital provided that no such loan shall exceed the total cost of such project as determined by such participating hospital and approved by the authority;

(m) to make loans to a participating hospital to refund outstanding obligations, mortgages, or advances issued, made, or given by such participating hospital for the cost of its facility or facilities, including the power to issue bonds and make loans to a participating hospital to refinance indebtedness incurred for facilities undertaken and prior thereto whenever the authority finds that such financing is in the public interest, and either: (1) alleviates a financial hardship upon the participating hospital; (2) results in a lesser cost of patient care and a saving to third parties, including state or federal governments, and to others who must pay for such care; or (3) enables the participating hospital to offer greater security for a loan or loans to finance a new project or projects or to effect savings in interest costs or more favorable amortization terms;

(n) to charge to and equitably apportion among participating hospitals its administrative costs and expenses incurred in the exercise of the powers and duties conferred by this chapter; and

(o) to do all things necessary or convenient to carry out the purposes of this chapter.

In carrying out the purposes of this chapter, the authority may undertake a project for two or more participating hospitals jointly, or

for any combination thereof, and thereupon, all other provisions of this chapter shall apply to and for the benefit of the authority and such joint participants.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1; Acts 1975, P.L.35, SEC.4.) As amended by P.L.8-1993, SEC.44.

IC 5-1-4-11

Payment of expenses

Sec. 11. Payment of Expenses. All expenses incurred in carrying out the provisions of this chapter shall be payable solely from funds provided under the provisions of this chapter and no liability or obligation shall be incurred by an Authority hereunder beyond the extent to which moneys shall have been provided under the provisions of this chapter, or otherwise appropriated by law to such Authority.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1.)

IC 5-1-4-12

Acquisition of property

Sec. 12. Acquisition of Property by Authority. Any authority is authorized and empowered, directly or by and through a participating hospital, as its agent, to acquire by purchase or by gift or devise such lands, structures, property, real or personal, rights, rights-of-way, franchises, easements and other interests in lands, including lands lying under water and riparian rights, and including existing facilities of a participating hospital as it may deem necessary or convenient for the construction, acquisition or operation of a project, upon such terms and at such prices as may be considered by it to be reasonable and can be agreed upon between it and the owner thereof, and to take title thereto in the name of such Authority or in the name of a participating hospital as its agent.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1; Acts 1975, P.L.35, SEC.5.)

IC 5-1-4-13

Bonds

Sec. 13. (a) Each Authority is hereby authorized to provide by resolution, at one time or from time to time, for the issuance of bonds for the purpose of paying all or any part of the cost of a project.

(b) The principal of and the interest on such bond shall be payable solely out of the revenues of such Authority derived from the project to which they relate.

(c) The bonds of each issue shall be dated, shall bear interest at such rate or rates, shall mature at such time or times not exceeding fifty (50) years from the date thereof, all as may be determined by the Authority, and may be made redeemable before maturity, at the option of the Authority, at such price or prices and under such terms and conditions as may be fixed by the Authority in the authorizing resolution.

(d) The Authority shall determine the form of the bonds, including

any interest coupons to be attached thereto, and shall fix the denomination or denominations of the bonds and the place or places of payment of principal and interest which may be at any bank or trust company within or without the state.

(e) The bonds shall be signed in the name of the Authority, by the president or vice president, or by the facsimile signature of such president or vice president, and the official seal of the Authority, or facsimile thereof, shall be affixed thereto and attested by the secretary of the Authority; and any coupons attached thereto shall bear the facsimile signature of the treasurer of the Authority.

(f) In case any officer whose signature or a facsimile of whose signature shall appear on any bonds or coupons shall cease to be such officer before the delivery of such bonds, such signature or such facsimile shall, nevertheless, be valid and sufficient for all purposes the same as if he had remained in office until such delivery.

(g) All bonds issued under the provisions of this chapter shall have and are hereby declared to have all the qualities and incidents of negotiable instruments under the law of the State of Indiana.

(h) The bonds may be issued in coupon or in registered form, or both, as the Authority may determine; and provision may be made for the registration of any coupon bonds as to principal alone and also as to both principal and interest, and for the reconversion into coupon bonds of any bonds registered as to both principal and interest.

(i) The bonds may be sold in such manner, either at public or private sale as the Authority may determine; and neither the provisions of IC 4-1-5 nor IC 5-1-11 shall be applicable to such sale.

(j) The proceeds of the bonds of each issue shall be used solely for the payment of the cost of the project for which such bonds shall have been issued, and shall be disbursed in such manner and under such restrictions, if any, as the Authority may provide in the resolution authorizing the issuance of such bonds or in the trust agreement hereinafter mentioned securing the same.

(k) If the proceeds of the bonds of any issue, by error of estimates or otherwise, shall be less than such cost, additional bonds may in like manner be issued to provide the amount of such deficit, and, unless otherwise provided in the resolution authorizing the issuance of such bonds or in the trust agreement securing the same, shall be deemed to be of the same issue and shall be entitled to payment from the same fund without preference or priority of the bonds first issued.

(l) If the proceeds of the bonds of any issue shall exceed the cost of the project for which the same shall have been issued, the surplus shall be deposited to the credit of the sinking fund for such bonds.

(m) Prior to the preparation of definitive bonds, an Authority may, under like restrictions, issue interim receipts or temporary bonds, with or without coupons, exchangeable for definitive bonds when such bonds shall have been executed and are available for delivery.

(n) An Authority may also provide for the replacement of any bonds which shall become mutilated or shall be destroyed or lost.

(o) Bonds may be issued under the provisions of this chapter without obtaining the consent of any officer, department, division,

commission, board, bureau or agency of the state, and without any other proceedings or the happening of any other conditions or things than those proceedings, conditions or things which are specifically required by this chapter.

(p) An Authority shall have power out of any funds available therefor to purchase its bonds.

(q) An Authority may hold, pledge, cancel or resell such bonds, subject to and in accordance with agreements, if any, with bondholders.

(r) Neither the members of an Authority nor any person executing the bonds or notes shall be liable personally on the bonds or notes or be subject to any personal liability or accountability by reason of the issuance thereof.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1.) As amended by Acts 1981, P.L.11, SEC.14.

IC 5-1-4-14

Bond resolutions

Sec. 14. Bonds Resolution. Any resolution or resolutions authorizing any bonds or any issue of bonds may contain provisions, which shall be a part of the contract with the holders of the bonds to be authorized, as to: (1) pledging or assigning the revenues of the project with respect to which such bonds are to be issued; (2) the rentals, fees and other amounts to be charged, and the amounts to be raised in each year thereby, and the use and disposition of such amounts; (3) the setting aside of reserves or sinking funds, and the regulation, investment and disposition thereof; (4) limitations on the use of the project; (5) limitations on the purpose to which or the investments in which the proceeds of sale of any issue of bonds then or thereafter to be issued may be applied and pledging such proceeds to secure the payment of the bonds or any issue of the bonds; (6) limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured and the refunding of outstanding bonds; (7) the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given; (8) limitations on the amount of moneys derived from the project to be expended for operating, administrative or other expenses of an Authority; (9) defining the acts or omissions to act which shall constitute a default in the duties of an Authority to holders of its obligations and providing the rights and remedies of such holders in the event of a default; (10) the mortgaging of a project and the site thereof for the purpose of securing the bondholders; and (11) any other matters relating to the bonds which an Authority deems desirable.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1.)

IC 5-1-4-15

Trust agreement to secure bonds

Sec. 15. Trust Agreement to Secure Bonds. In the discretion of

any Authority any bonds issued under the provisions of this chapter may be secured by a trust agreement by and between such Authority and a corporate trustee or trustees, which may be any trust company or bank having the powers of a trust company within or without the state. Such trust agreement or the resolution providing for the issuance of such bonds may pledge or assign the revenues to be received or proceeds of any contract or contracts pledged and may convey or mortgage the project or any portion thereof. Any pledge or assignment made by an Authority pursuant hereto shall be valid and binding from the time that the pledge or assignment is made, and the revenues so pledged and thereafter received by such Authority shall immediately be subject to the lien of such pledge or assignment without physical delivery thereof or further act. The lien of such pledge or assignment shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof. Neither the resolution nor any trust agreement by which a pledge is created or assignment made need be filed or recorded in any public records in order to perfect lien thereof as against third parties except that a copy thereof shall be filed in the records of the Authority. Such trust agreement or resolution providing for the issuance of such bonds may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including particularly such provisions as have hereinabove been specifically authorized to be included in any resolution or resolutions of an Authority authorizing bonds thereof. Any bank or trust company incorporated under the laws of this state which may act as depository of the proceeds of bonds or of revenues or other moneys may furnish such indemnifying bonds or pledge such securities as may be required by an Authority. Any such trust agreement may set forth the rights and remedies of the bondholders and of the trustee or trustees, and may restrict the individual right of action by bondholders. In addition to the foregoing, any such trust agreement or resolution may contain such other provisions as the Authority may deem reasonable and proper for the security of the bondholders. All expenses incurred in carrying out the provisions of such trust agreement or resolution may be treated as a part of the cost of the operation of a project.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1.)

IC 5-1-4-15.5

Loans to participating hospitals

Sec. 15.5. Loans to Participating Hospitals. Notwithstanding any other provision of this chapter to the contrary, the authority may finance the cost of a project or refund outstanding indebtedness of a participating hospital as authorized by section 10(m) of this chapter by issuing its bonds for the purpose of purchasing the securities of a participating hospital. Any such securities shall have the same principal amounts, maturities and interest rates as the bonds so being issued, may be secured by a first mortgage lien, subject to such

exceptions as the authority may approve and created by a mortgage instrument satisfactory to the authority, and may be insured or guaranteed by others. Any such bonds shall be secured by a pledge of such securities under the trust agreement or indenture creating such bonds, shall be payable solely out of the payments to be made on such securities and shall not exceed in principal amount the cost of such project or the refunding of such indebtedness as determined by the participating hospital and approved by the authority. In other respects any such bonds shall be subject to the provisions of this chapter including sections 13 and 14 and the trust agreement or indenture creating such bonds may contain such of the provisions set forth in section 15 hereof as the authority may consider appropriate.

In the event that a project is financed pursuant to this section, the title to such project shall remain in the participating hospital owning the same, subject to the lien of the mortgage securing the securities then being purchased, and there shall be no lease of such facility between the authority and such participating hospital.

(Formerly: Acts 1975, P.L.35, SEC.6.)

IC 5-1-4-16

Refunding bonds

Sec. 16. An Authority is hereby authorized to provide by resolution for the issuance of refunding bonds for the purpose of refunding any bonds then outstanding which shall have been issued by it under the provisions of this chapter, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds, and, if deemed advisable by such Authority, for the additional purpose of constructing improvements, extensions or enlargements of the project in connection with which the bonds to be refunded shall have been issued. Such refunding bonds shall be payable solely out of the revenues of the project (including any such improvements, extensions or enlargements thereto) to which the bonds being refunded relate. The issuance of such bonds, the maturities and other details thereof, the rights of the holders thereof and the rights, duties and obligations of the Authority in respect of the same, shall be governed by the provisions of this chapter insofar as the same may be applicable.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1.)

IC 5-1-4-17

Payment of bonds

Sec. 17. Payment of Bonds. Bonds issued under the provisions of this chapter shall not be deemed to constitute a debt of the state or of any political subdivision thereof or a pledge of the faith and credit of the state or of any such political subdivision, but such bonds shall be payable solely from the funds pledged for their payment as authorized herein, unless such bonds are refunded by refunding bonds, issued under the provisions of this chapter, which refunding bonds shall be payable solely from funds pledged for their payment

as authorized herein. All such revenue bonds shall contain on the face thereof a statement to the effect that the bonds, as to both principal and interest, are not an obligation of the State of Indiana, or of any political subdivision thereof, but are payable solely from revenues pledged for their payment. All expenses incurred in carrying out the provisions of this chapter shall be payable solely from funds provided under the authority of this chapter, and nothing in this chapter contained shall be construed to authorize any Authority to incur indebtedness or liability on behalf of or payable by the state or any political subdivision thereof.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1.)

IC 5-1-4-18

Rents and charges

Sec. 18. Rents and Charges. Each Authority shall fix, revise, charge and collect rents for the use of each project and contract with any participating hospital, in respect thereof. Each lease entered into by an Authority with a participating hospital shall provide that the rents payable by the participating hospital shall be sufficient at all times (a) to pay its share of the administrative costs and expenses of such Authority, (b) to pay the cost of maintaining, repairing and operating the project and each and every portion thereof, (c) to pay the principal of, the premium, if any, and the interest on outstanding bonds of the Authority issued in respect of such project as the same shall become due and payable, and (d) to create and maintain reserves which may but need not be required or provided for in the bond resolution or trust agreement relating to such bonds of the Authority.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1.)

IC 5-1-4-19

Bond proceeds and revenues

Sec. 19. (a) All money received by an authority or held by a trustee under section 15 of this chapter, whether as proceeds from the sale of bonds, from revenues, or otherwise, shall be deemed to be trust funds to be held and applied solely as provided in this chapter, but prior to the time when needed for use may be invested to the extent and in the manner determined by the authority. Such funds shall be deposited, held, and secured in accordance with the general laws of the state relating to the handling of public funds.

(b) The resolution authorizing the issuance of bonds or the trust agreement securing such bonds shall provide that any officer to whom, or any bank or trust company to which, such money shall be entrusted shall act as trustee of such money and shall hold and apply the same for the purposes of this chapter, subject to the provisions of this chapter and of the authorizing resolution or trust agreement.

(c) The handling and expenditure of funds coming into the possession of an authority shall be subject to audit and supervision by the state board of accounts. The cost of such audit may be treated as an expense of operation.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1.) As amended by P.L.43-1987, SEC.1.

IC 5-1-4-20

Enforcement of rights and duties

Sec. 20. Enforcement of Rights and Duties. Any holder of bonds issued under the provisions of this chapter or any of the coupons appertaining thereto, and the trustee under any trust agreement, except to the extent the rights herein given may be restricted by the authorizing resolution or trust agreement, may, either at law or in equity, by suit, action, mandamus or other proceedings, protect and enforce any and all rights under the laws of the state or granted hereunder or under such trust agreement, or the resolution authorizing the issuance of such bonds, and may enforce and compel the performance of all duties required by this chapter or by such trust agreement or resolution to be performed by an Authority or by any officer, employee or agent thereof, including the fixing, charging and collecting of rates, rents, fees and charges herein authorized and required by the provisions of such resolution or trust agreement to be fixed, established and collected.

Such rights include the right to compel the performance of all duties of an Authority required by this chapter or the bond resolution or trust agreement; to enjoin unlawful activities; and in the event of default with respect to the payment of any principal of, premium, if any, and interest on any bond or in the performance of any covenant or agreement on the part of an Authority in the bond resolution, to apply to a court having jurisdiction of the cause to appoint a receiver to administer and operate the project, the revenues of which are pledged to the payment of principal of, premium, if any, and interest on such bonds, (with full power to pay and to provide for payment of, principal of, premium, if any, and interest on such bonds), and with such powers, subject to the direction of the court, as are permitted by law and are accorded receivers in general equity cases, excluding any power to pledge additional revenues of an Authority to the payment of such principal, premium and interest; and to foreclose the mortgage on the project in the same manner as for real estate of private corporations.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1.)

IC 5-1-4-21 Repealed

(Repealed by P.L.4-1988, SEC.5.)

IC 5-1-4-22

Interest in contracts

Sec. 22. A member, agent, or employee of an Authority who knowingly is interested in any contract with the Authority or in the sale of any property to the Authority commits a Class A misdemeanor. Such contracts are void. This section does not apply to contracts for purchases of property between an Authority and other departments, municipalities, or subdivisions of state

government.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1.) As amended by Acts 1978, P.L.2, SEC.501.

IC 5-1-4-23

Liberal construction

Sec. 23. Liberal Construction. This chapter being necessary for the welfare of the state and its inhabitants, shall be liberally construed to effect the purposes thereof.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1.)

IC 5-1-4-24

Legal investments

Sec. 24. Legal Investments. Revenue bonds issued by an Authority under the provisions of this chapter shall constitute legal investments for any private trust funds, and the funds of any banks, trust companies, insurance companies, building and loan associations, credit unions, banks of discount and deposit, savings banks, loan and trust and safe deposit companies, rural loan and savings associations, guaranty loan and savings associations, mortgage guaranty companies, small loan companies and industrial loan and investment companies, and any other financial institutions organized under the laws of the state of Indiana. Such bonds are hereby made securities in which all public officers and public agencies of the state and its political subdivisions may legally and properly invest funds and such bonds may be properly and legally deposited with and received by any state or municipal officer or any agency or political subdivision of the state for any purpose for which the deposit of bonds or other obligations of the state is now or may hereafter be authorized by law.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1.) As amended by P.L.42-1993, SEC.1.

IC 5-1-4-25

Repealed

(Repealed by P.L.4-1988, SEC.5.)

IC 5-1-4-26

Tax exemption

Sec. 26. The exercise of the powers granted by this chapter will be in all respects for the benefit of the people of the state, for the increase of their commerce and prosperity, and for the improvement of their health and living conditions, and as the operation and maintenance of a project by an authority or its agent will constitute the performance of essential governmental functions, such authority shall not be required to pay any taxes or assessments upon or in respect of a project or any property acquired or used by such authority under the provisions of this chapter, or upon the income therefrom, and the bonds issued under the provisions of this chapter, the interest thereon, the proceeds received by a holder from the sale

of such bonds to the extent of the holder's cost of acquisition, or proceeds received upon redemption prior to maturity or proceeds received at maturity, and the receipt of such interest and proceeds shall be exempt from taxation in the state of Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a state inheritance tax imposed under IC 6-4.1.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1.) As amended by P.L.21-1990, SEC.3; P.L.254-1997(ss), SEC.4.

IC 5-1-4-27

Pledge by state to bondholders and contractors

Sec. 27. Pledge by State to Bondholders and Contractors. The State of Indiana does hereby pledge to and agree with the holders of any obligations issued under this chapter, and with those parties who may enter into contracts with an Authority pursuant to the provisions of this chapter, that the state will not limit or alter the rights hereby vested in such Authority until such obligations, together with the interest thereon, are fully met and discharged and such contracts are fully performed on the part of such Authority, provided nothing herein contained shall preclude such limitation or alteration if and when adequate provisions shall be made by law for the protection of the holders of such obligations of such Authority or those entering into such contracts with such Authority. An Authority as agent for the state is authorized to include this pledge and undertaking for the state in such obligations or contracts.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1.) As amended by P.L.2-1995, SEC.12.

IC 5-1-4-28

Supplemental effect

Sec. 28. (a) This chapter provides a complete, additional, and alternative method for the doing of the things authorized in this chapter and is supplemental and additional to powers conferred by other laws.

(b) The issuance of bonds and refunding bonds under this chapter need not comply with the requirements of any other law applicable to the issuance of bonds. In the construction and acquisition of a project under this chapter, an authority need not comply with:

(1) IC 5-17-1; or

(2) any competitive bidding law or other restrictions imposed on the procedure for award of contracts for the construction and equipment of a project or the lease, sale, or disposition of property of an authority.

(c) If the prospective lessee requests in writing, an authority shall call for construction bids in the manner as determined by the authority with the approval of the lessee.

(d) Except as otherwise expressly provided in this chapter, none of the powers granted to an authority under this chapter shall be subject to the supervision or regulation or require the approval or consent of any political subdivision, commission, board, body,

bureau, official, or agency of a political subdivision or the state.

(e) This subsection applies if the authority disposes of real property or awards a contract for the procurement of property by acceptance of bids, proposals, or quotations. A bid, proposal, or quotation submitted by a trust (as defined in IC 30-4-1-1(a)) must identify each:

(1) beneficiary of the trust; and

(2) settlor empowered to revoke or modify the trust.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1.) As amended by P.L.3-1989, SEC.26; P.L.336-1989(ss), SEC.13.

IC 5-1-4-29

Conflicting laws

Sec. 29. Act Controlling Over Inconsistent Law. To the extent that the provisions of this chapter are inconsistent with the provisions of any general statute or special act or parts thereof, the provisions of this chapter shall be deemed controlling.

(Formerly: Acts 1971, P.L.41, SEC.1; Acts 1972, P.L.10, SEC.1.)